

ROUNDTABLE DISCUSSION ON IMPLEMENTATION SEQUENCE

Implementation

- Forward contract markets demand significant notice and lead time for market product changes. Otherwise expectations are frustrated and forward liquidity is harmed. This is especially the case for standard offer service contracts.
- ISO-NE responded to participant concerns and opened a discussion with us on ASM implementation timing. This discussion led to a two phase compromise and a "no earlier" date of June 2006 for phase II.
- Further discussion will need to be had around final timing for phase II. Summer is typically a time when there is a high demand for reserves. Implementing a new market at the beginning of the high season could present challenges. Additionally, June is the middle of the load cycle for many of the utility solicitations.

Special Case Nodal Pricing

- SCNP needed to put customers on equal footing with generation in terms of more closely reflecting actual price of energy at a location
- Provides customers some measure of control over pricing
 - Commission: “Key feature of the NE-SMD market design”
 - Commission: “Commission considers nodal pricing for load to be a just and reasonable pricing method”
- Discussed and litigated for more than 2 years
- Implementation of full nodal pricing was originally expected by 1Q 2004; now SCNP has a suggested June 1, 2006 implementation date at the earliest

Special Case Nodal Pricing

- Since then, limitations on scope of availability were negotiated as means to expedite implementation and alleviate concerns about full nodal
- 95% approval by NEPOOL Participants Committee
- Technical objections have not been substantiated relative to SCNP
- Nodal pricing for load has been available in PJM since mid-2003, so claims of technical infeasibility should be carefully scrutinized

Host Participant (HP) Assigned Meter Readers (AMRs) Settlement Reporting Requirements

Current Settlement Reporting Requirements:

- AMRs provide data necessary to support the ISO-NE financial settlement process
- Daily and monthly reporting requirements

Settlement Requirements with SCNP

- Additional data is needed to support the SCNP reporting requirements -
Hourly SCNP load asset values

SCNP Implementation

- HP AMRs are preparing to support the implementation of SCNP with the following understanding:
- Suppliers shall be licensed in the State as a competitive supplier
- Suppliers shall utilize existing State approved electronic customer enrollment processes
- Single end use customers served from a single pricing node with a peak demand of 5 MW or more are eligible for SCNP
- Eligible end use customer loads must satisfy the metering requirements (real time telemetry – SCADA)
- Suppliers/customers are required to pay for the installation of required metering
- Existing revenue quality metering is sufficient for AMR reporting
- Host Participants (HPs) must be the AMR for SCNP assets
- AMRs not required to reconcile the settlement hourly loads to the SCADA values
- Static mapping of end use customer loads to a pricing node

HP AMR Involvement in SCNP Design Detail Development

- Many of the design details for SCNP have not been developed
- HP AMRs wish to work with ISO to develop the specific market rules and program design details that address the following areas of concern:
 - Eligibility verification process
 - Asset registration and customer enrollment process
 - Timing and frequency of updates to nodal mapping
 - Lead time needed for installation of the required metering
 - Policing of loads assigned to load assets
 - Effects of changes to eligibility criteria to systems and established processes
- Once program details have been fully established AMRs can determine an implementation date

Market Enhancements

- Identify proposed market enhancement
- Specify rationale for enhancement
- Estimate impact of enhancement
 - Current cost estimate and allocation
 - Future cost estimate and allocation
- Revise after stakeholder review process
- Not a cost-benefit analysis